ORIGINAL

EX PARTE OR LATE FILED

Southwestern Bell Corporation

RECEIVED

DOCKET FILE COPY ORIGINAL

DEC - 9 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

December 8, 1993

EX PARTE PRESENTATION

William A. Blase, Jr.
Director
Federal Regulatory

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 92-77 (Phase II), Billed Party Preference

Dear Mr. Caton:

This letter provides additional information regarding Southwestern Bell Telephone Company's (SWBT) perspective on the concept of "14-digit screening". This concept is an issue associated with the possible provision of Billed Party Preference (BPP). For the reasons discussed below, SWBT continues to remain opposed to implementation of BPP with a requirement for 14-digit screening.

There are many troublesome aspects of 14-digit screening. Significant additional implementation and on-going costs will be necessary for Local Exchange Carriers (LECs) and Interexchange Carriers (IXCs), fraud is likely to increase and, most importantly, customer confusion will result.

The term 14-digit screening has become the accepted nomenclature to describe the process that would be required in a BPP environment to determine the issuer of a telephone line number card (TLNC) based on examination of the company which assigned the card PIN being used for call billing. The issue of whether LECs should be required in a possible ruling on Billed Party Preference (BPP) to implement and perform 14-digit screening is an issue designated for investigation by the Commission in its NPRM on BPP.

In today's environment, determination of the card issuer is based on the first six digits of the card account number. Telephone line number and special billing number cards designed for "0+" use are issued by LECs, while Card Issuer Identifier (CIID) cards are issued by IXCs and Operator Service Providers (OSPs). All carriers are able to issue cards in the domestic

1401 I Street, N.W.
Suite 1100
Washington, D.C. 20005

Phone 202 326-8860

and international standard format that has been approved for telecommunications cards (i.e., "891").

To date, the generally accepted definition of BPP has included determination of the billed party's preferred IXC for TLNC calls based on an examination of the ten-digit card account number. With BPP, all end-user customers, including cardholders, would be solicited for their IXC preference. Carrier choice information for each line record would be stored in the appropriate Line Information Data Base (LIDB). Identification of the IXC to which alternately billed 0+ and 0- interLATA calls should be transferred would be based on the IXC choice of the line record (i.e., account) to be billed. Thus, all 0+ and 0- interLATA alternately billed calls (calling card, collect and third number) would be transferred to the IXC chosen by the billed line number.

On the other hand, a 14-digit screening process would, in theory, enable multiple companies (LECs and IXCs) to issue individual TLNCs to the same customer, all with the same account number but with different PINs. With 14-digit screening, all TLNCs would be stored in the LIDB containing the line records for the NPA NXX of the card. Screening all fourteen digits (card account plus PIN) for carrier identification would permit interLATA calls billed to TLNCs to be transferred to the IXC associated with the PIN used to bill the call.

Southwestern Bell has not identified a consumer need for "14-digit" screening. Consumers have not expressed the need for multiple cards from various card issuers, all bearing the same account number but with different PINs. In fact, SWBT's cardholders continue to express just the opposite desire. The desires of most consumers are to: 1) have one card that is usable for local, intraLATA and interLATA calling; 2) be able to make calls on a "0+" basis; 3) use their telephone line number as the card account; 4) receive one bill; 5) decide the carrier to be paid for services they are billed and 6) select card PINs. Convenience is the underlying element of these desires. Consumer convenience will not be the result of 14-digit screening. In fact, consumer confusion is likely to increase, thus defeating the intended results of BPP.

The supposed need for 14-digit screening arises from desires of certain IXCs, not consumers. Some IXCs desire to have market (i.e., name) presence on TLN cards. These carriers believe that assignment of PINs

different from those assigned by LECs, and getting customers to remember and use different PINs from various card issuers, is the way to address this IXC desire. SWBT disagrees with this view and believes it has proposed an alternative that serves better the interest of all stakeholders.

Other IXCs wish to incorporate existing proprietary cards they have issued in a BPP environment, and gain "0+" dialing capabilities, through detrimental modification of the technical requirements for BPP, instead of, through card reissuance. Some IXCs have issued TLN cards that must today be used on an access code basis. Access code dialing is a requirement for these cards in order to accomplish validation in the IXC's card data base, since TLN cards used on a "0+" basis route to the LIDB of the LEC card issuer. Hence, these cards do not conform to accepted numbering format standards for "0+" routing capabilities.

Some IXCs wish to maintain the proprietary status of such non-conforming cards, and extend "0+" dialing capabilities to such, through changing the technical basis on which routing decisions are made. Instead of IXC choice routing decisions being made on six-digit routing of TLN cards to the appropriate LIDB for examination of the line record for IXC choice, these carriers would have IXC routing decisions made based on examination of the line record and card PIN (i.e., 14-digit screening). SWBT believes such action is not supported by consumer need and would only serve to increase the costs for BPP.

There are also increased costs which will result from 14-digit screening. These costs range from increased development, implementation and maintenance feature costs to increased fraud. SWBT estimates that 14-digit screening will add approximately $16M to the costs SWBT has previously estimated for BPP implementation, and $2M in additional annual recurring expenses. SWBT's primary cost components and estimates for 14-digit screening implementation are detailed on Attachment A.

SWBT's cost estimates include the following assumptions: 1) existing and planned SWBT card features would be extended to 19 IXCs; 2) all cards (LEC and IXC PINs) would function on an access code basis, regardless if preferred carrier for the line record matches the IXC which issued the PIN being used (i.e., IXC PINs would not be proprietary); 3) SWBT would be responsible for card administration, including PIN assignment conflict resolution; and 4) card honoring agreements would be required for LEC processing of local and intraLATA calls billed to IXC PINs.

SWBT also estimates that fraud will increase with implementation of 14-digit screening. Multiple PINs per card account are desired by consumers for subaccount billing and geographic restriction billing needs. SWBT cards have the technical capability for 20 different PINs to be assigned to each card account. Extending these same capabilities to just 19 IXCs of the hundreds that provide service will result in the possibility of 400 PINs being assigned per account.

Increasing the valid number of PINs per account to this level will significantly increase the opportunity for fraudulent network usage. The more valid PINs that are assigned by multiple companies could cause PIN hacking to be more successful, and increases the number of cards in the market which could become compromised. While increased fraud resulting from 14-digit screening would be an indirect cost of BPP implementation, this negative result should be given serious consideration by the Commission. This statement is particularly true in light of the Commission's recent Notice of Proposed Rulemaking (NPRM) that seeks to develop measures to control the levels of existing fraud.

SWBT's administrative systems are also presently not designed to handle the additional processing loads that will probably result from 14-digit screening. There is a strong likelihood that administering cards for multiple card issuers could negatively impact effective operation of other customer service programs that share operational use of the systems that would also be used for 14-digit screening card administration. Should this occur, SWBT would need to implement stand-alone systems for 14-digit screening. Costs for implementing such systems are not included in the estimates provided on Attachment A.

SWBT continues to believe 14-digit screening does not respond to consumer needs, unnecessarily increases the implementation costs for BPP, and increases the risk for fraud. For these reasons, 14-digit screening should not be required of LECs, if BPP is implemented.

If you have any questions regarding this topic, please feel free to contact me.

Sincerely,

William A. Blase Jr.

William A. Blase, Jr.
Director-Federal Regulatory

Attachment

ATTACHMENT A

BILLED PARTY PREFERENCE (BPP)
ESTIMATED ADDITIONAL SWBT COSTS[1]
FOR BPP WITH 14 DIGIT SCREENING
($000)

COST COMPONENT	INITIAL COSTS CAPITAL	INITIAL COSTS EXPENSE	RECURRING EXPENSE/YEAR
1. LEC OSS modifications to support processing of IXC TLN cards		580	
2. SCP/LIDB growth costs to support storage of IXC PINs in LIDB	10600		800
3. SCP/LIDB/OSS development expenses to support storage of IXC PINs in LIDB		523	220
4. SWBT system changes to support loading and maintenance of IXC PINs in LIDB	564	1226	
5. SWBT customer service and administrative center costs			750
6. Business office costs to respond to customer inquiries on receipt of multiple cards with different PINs		2100	
PROJECTED TOTAL	**$11164**	**$4429**	**$1770**

[1] SWBT's cost estimates include the following assumptions: 1) existing and planned SWBT card features would be extended to 19 IXCs; 2) all cards (LEC and IXC PINs) would function on an access code basis, regardless if preferred carrier for the line record matches the IXC which issued the PIN being used (i.e., IXC PINs would not be proprietary); 3) SWBT would be responsible for card administration, including PIN assignment conflict resolution; and 4) card honoring agreements would be required for LEC processing of local and intraLATA calls billed to IXC PINs.